

Message Text

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44

ACTION EB-11

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INFO AMEMBASSY ABIDJAN

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AMEMBASSY DAKAR

AMEMBASSY DAR ES SALAAM

AMEMBASSY KINSHAS

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E.O. 11652: N/A

TAGS: ETRD, EMIN, XA, JA, RH, SF, MA

SUBJ: JAPAN TIGHTENS TRADE EMBARGO WITH RHODESIA

REF: A TOKYO 8095

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B. TOKYO 10231

SUMMARY: KEIDANREN HAS RECOMMENDED THAT JAPANESE FIRMS. REQUIRE CLAUSE PROHIBITING RE-EXPORT IN CONTRACTS WITH SOUTH AFRICA, APPARENTLY IN RESPONSE TO REQUEST FROM GOJ WHICH IS UNDER PRESSURE FROM BLACK AFRICAN NATIONS TO TIGHTEN TRADE EMBARGO AGAINST RHODESIA. IN PAST YEAR JAPAN HAS ACHIEVED 15 PERCENT REDUCTION IN DEPENDENCE ON CHROME IMPORTS FROM SOUTH AFRICA, THE ALLEGED CHANNEL FOR IMPORTS OF RHODESIAN CHROME IN VIOLATION OF UN EMBARGO. JAPANESE HOPEFUL MALAGASY REPUBLIC WILL DEVELOP INTO ATTRACTIVE ALTERNATIVE SOURCE OF CHROME AND HAVE TAKEN FIRST STEPS TOWARD ESTABLISHING EMERGENCY STOCKPILE OF CHROMIUM ORE. END SUMMARY.

1. IN RESPONSE TO PRESSURES FROM BLACK AFRICA TO TIGHTEN EMBARGO ON TRADE WITH RHODESIA AND ALLEGATIONS OF WIDESPREAD JAPANESE VIOLATIONS OF UN RESOLUTIONS BANNING TRADE WITH RHODESIA -- INCLUDING JULY 11 LETTER FROM ORGANIZATION OF AFRICAN UNITY (OAU) TO THE THEN FOREIGN MINISTER OHIRA AND ORAL DIPLOMATIC REPRESENTATIONS -- MAJOR JAPANESE BUSINESS FIRMS HAVE AGREED TO INCLUDE IN EXPORT CONTRACTS WITH SOUTH AFRICA CLAUSE PROHIBITING RE-EXPORTATION. THIS ACTION TAKEN IN FORM OF RECOMMENDATION BY FOREIGN TRADE COMMITTEE AND AFRICAN TRADE COMMITTEE OF KEIDANREN (FEDERATION OF ECONOMIC ORGANIZATIONS). WHILE THIS DOES NOT CONSTITUTE LEGALLY ENFORCEABLE ACTION, IT DOES REPRESENT SERIOUS UNDERTAKING BY JAPANESE FIRMS. TIMING OF ACTION CLEARLY GEARED TO FORTHCOMING UNGA SESSION.

2. ACCORDING TO OFFICIALS OF BOTH FOREIGN OFFICE AND KEIDANREN, JAPANESE HAVE BEEN SUBJECTED TO STRONG CAMPAIGN BY BLACK AFRICA, IN WHICH JAPANESE FEEL THEY HAVE BEEN UNFAIRLY SINGLED OUT FOR CRITICISM. LEGALLY, GOJ UNABLE TO TAKE STEPS BEYOND REGULATIONS ALREADY IMPLEMENTED IN ACCORDANCE WITH UN RESOLUTIONS BANNING TRADE WITH RHODESIA. HOWEVER, KEIDANREN'S ACTION WAS APPARENTLY RESULT OF PRESSURE BY FOREIGN OFFICE THROUGH MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY.

3. ANOTHER GROUNDS OF CRITICISM HAS BEEN ALLEGED LIMITED OFFICIAL USE

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PORTS OF RHODESIAN CHROME THROUGH SOUTH AFRICA. ACCORDING TO FOREIGN OFFICE, JAPAN IS SEEKING CONCURRENCE OF GSA TO ISSUING CERTIFICATES OF ORIGIN FOR CHROMIUM ORES AND CONCENTRATES, BUT LATTER OBVIOUSLY NOT ENTHUSIASTIC.

4. JAPAN HAS REDUCED ITS DEPENDENCE SOMEWHAT ON CHROME IMPORTS FROM WHITE RULED AFRICA. JANUARY-JUNE 1974 STATISTICS SHOW 9.5 PERCENT QUANTITY AND 56 PERCENT YEN

VALUE INCREASES OVER JANUARY-JUNE 1973 IN TOTAL IMPORTS, BUT SOUTH AFRICAN SHARE (WHICH WOULD INCLUDE ANY OF ALLGED IMPORTS FROM RHODESIA) HAS DROPPED FROM 57 TO 42 PERCENT IN QUANTITY AND FROM 50 TO 40 PERCENT IN YEN VALUE. JANUARY - JUNE 1974 IMPORTS SOUTH AFRICAN CHROMIUM ORE AND CONCENTRATES DECREASED BY 63,000 MT COMPARED TO FIRST HALF 1973, ALTHOUGH YEN VALUE 1974 IMPORTS GREATER AS RESULT PRICE INCREASE (SOUTH AFRICAN CHROME PRICES, HOWEVER, HAVE REMAINED VERY COMPETITIVE WITH OTHER SUPPLIERS). DECREASE IN IMPORTS FROM WHITE-RULED AFRICA COMPENSATED BY INCREASES IN IMPORTS FROM INDIA (WHOSE MARKET SHARE UP FROM 18 TO 26 PERCENT OF TOTAL QUANTITY) AND BY BEGINNING OF IMPORTS FROM IRAN AND MALAGASY REPUBLIC EACH NOW ACCOUNTING FOR ABOUT 4 PERCENT OF TOTAL QUANTITY. (EXCEPT FOR SMALL IMPORTS OF METALLIC CHROMIUM FROM UK ALL JAPANESE CHROME IMPORTS ARE ORES AND CONCENTRATES.)

5. MALAGASY REP. NOW REGARDED AS LIMITED BUT PROMISING AND POLITICALLY ATTRACTIVE CHROME SUPPLY SOURCE. JAPANESE TECHNICAL TEAM WHICH VISITED ISLAND IN JULY AND AUGUST REPORTED RESERVES OF AT LEAST 2 MILLION MT AND ANTICIPATE THAT NEW COMPANY COMPOSED OF C. ITOH PLUS FIVE LEADING FERRO-CHROME MANUFACTURERS WILL BE ESTABLISHED WITHIN THIS YEAR TO JOIN FRENCH PUBLIC MINING CORPORATION (BRGM) AND COMPAGNIE FINANCIERE EURAFRICAINE (CFE) IN DEVELOPMENT CONSORTIUM. MALAGASY REP. GOVT. EXPECTED TO HOLD 51 PERCENT SHARE IN PROJECT TO DEVELOP ITS CHROMIUM RESOURCES.

6. IN REPORT RELEASED SEPTEMBER 10 ECONOMIC STOCKPILE PROBLEMS DELIBERATIVE COMMITTEE, AN ADVISORY GROUP TO MITI (SEE REF B), RECOMMENDED STOCKPILING THREE MONTH SUPPLY OF CHROMIUM ORE (EQUIVALENT TO 50,000 MT METALLIC LIMITED OFFICIAL USE

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CHROMIUM) WITH ONE-HALF THIS AMOUNT TO BE ACQUIRED DURING FY 1975. STOCKPILING PROJECT WILL BE REPORTED SEPARATELY.
HODGSON

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